

The Texas A&M University System Internal Audit Department

MONTHLY AUDIT REPORT



April 10, 2018



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April 2018

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**April 10, 2018**

**Charlie Hrcir, C.P.A.**  
**Chief Auditor**

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**Project #20180207**



## Overall Conclusion

Internal controls over the processing of voucher transactions at Texas A&M University are effective in the areas audited. The controls provide reasonable assurance that approximately \$700 million non-payroll voucher transactions were processed in compliance with laws, policies, regulations, and rules during fiscal year 2017.

### Areas Reviewed

- AggieBuy data accuracy
- AggieBuy transaction monitoring
- Compliance with disbursement requirements

The university resumed using the AggieBuy purchasing system during 2017. The accounts payable department is responsible for processing vouchers for the following:

- Texas A&M University
- Texas A&M University at Galveston
- Texas A&M Health Science Center
- The Texas A&M University System Offices

## Basis of Review

### Objective and Scope

The objective of this audit was to determine whether internal controls over voucher processing at Texas A&M University are in place to ensure compliance with laws, policies, regulations, and rules.

The audit focused on:

- The accuracy of data in the university's purchasing system, AggieBuy.
- Monitoring of transactions in AggieBuy.
- Compliance with university disbursement requirements for voucher transactions.

The audit period was primarily September 2016 to October 2017. Fieldwork was conducted from January 2018 to February 2018.

## Methodology

Our audit methodology included interviews, observation of processes, review of documentation, and testing of data using sampling.

- To determine the accuracy of data recorded in AggieBuy and compliance with applicable disbursement rules and regulations, auditors used professional judgement to select a nonstatistical sample of 60 voucher transactions. An additional 60 voucher transactions were selected through random selection designed to be representative of the population. Due to the conversion to AggieBuy in April 2017, purchases originating prior to the transition of the purchasing system were excluded from the sample.
- To determine whether transaction monitoring rules configured in AggieBuy were operating effectively, auditors used professional judgement to select 30 voucher transactions from the 120 vouchers reviewed for data accuracy and compliance with applicable disbursement rules and regulations.
- To determine whether transactions processed outside of AggieBuy were appropriate and reasonable, auditors selected a nonstatistical sample of 30 voucher transactions through random selection designed to be representative of the population. Vouchers processed through the purchasing system previously used by the university, Buy A&M, and those not subject to university disbursement guidelines were excluded from the sample.
- To determine whether contracts were in place with frequently used vendors, auditors used professional judgement to select a nonstatistical sample of 15 vendors with cumulative fiscal year expenditures equal to or greater than the delegated purchase authority threshold established by the university. An additional 15 vendors were selected through random selection designed to be representative of the population.
- To determine the appropriateness of transactions which appeared to be split purchases, auditors selected a nonstatistical sample of 30 possible split purchases identified through data analysis and designed to be representative of the population.

## Criteria

Our audit was based upon standards as set forth in the following:

- Texas A&M University System Policies and Regulations
- Texas A&M University Procedures and Disbursement Guidelines
- Other sound administrative practices

The audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Audit Team**

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